A FORMULA FOR GROWTH.

2001 Annual Report

BRAMPTON BRICK Limited

Brampton Brick is Canada's second largest manufacturer of clay brick and holds a 38.2% interest in the largest producer of concrete block in Ontario. The Company's products are used for residential construction and institutional, commercial and industrial building projects.

Medical Waste Management operates a facility for the destruction of biomedical and pharmaceutical waste in Ontario, including the only commercial medical waste incinerator in the province. **Sharpsmart Canada**, operated exclusively by Medical Waste Management, recently introduced a proprietary and revolutionary reusable sharps containment system for Ontario hospitals.

Roxy Construction provides trucking services to third parties in addition to transporting raw materials and finished products for the Company.

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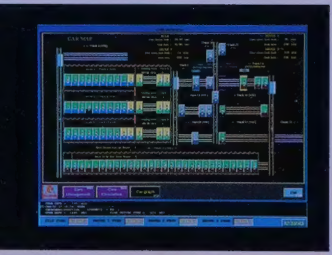


Brampton Brick utilizes the latest technological advances to ensure that all phases of its brick manufacturing process operate as efficiently as possible. With the Automated Car Tracking System, operators can track bricks in detail throughout the manufacturing process, determining their status at every possible phase. Details captured include product type, status, production date, time remaining in the manufacturing process, packaging date and employee or operator details.

Financial Overview (in thousands of dollars, except per share amounts)

	2001	2000
Operations		
Net sales	$ 59,815	$ 47,828
Operating income	17,752	16,264
Net income for the year	12,868	11,273
Cash provided by operations	17,631	17,009
Purchase of property, plant and equipment	13,215	29,664
Return on average shareholders' equity (%)	18.7	19.3
Share Data		
Net income per share	$ 1.20	$ 1.03
Book value per share	7.01	5.84
Weighted average number of shares outstanding (thousands)	10,737	10,943
Financial Position		
Working capital (deficit)	$ 4,325	$ (2,485)
Total assets	102,562	94,819
Total liabilities	27,723	31,943
Shareholders' equity	74,839	62,876
Total liabilities to shareholders' equity	0.37:1	0.51:1

Shares Outstanding

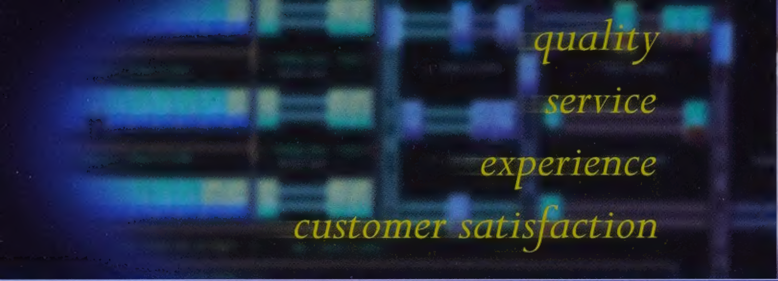
The Company has 10,679,054 common shares outstanding as at December 31, 2001 comprised of 7,763,804 Class A Subordinate Voting Shares and 2,915,250 Class B Multiple Voting Shares. The Class A shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A".

Annual Meeting

The Annual Meeting of the Shareholders of the Company will be held on May 8, 2002, at 9:30 a.m. in the Caledon Ballroom of the Holiday Inn, 30 Peel Centre Drive, Brampton, Ontario.

Annual Report

Additional copies of the 2001 Annual Report in English or French, may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.



President's Message to Shareholders

Committed to quality, we constantly strive to produce the best possible bricks. Backed by an ISO 9002 certification, we continuously improve upon our already stringent quality control methods, monitoring and testing to ensure customers receive bricks of the highest quality.

Brampton Brick Limited enjoyed a remarkable year in 2001. Spurred on by low interest rates, market demand for bricks remained high throughout the year. With additional production from our recently expanded facilities, we were able to keep pace with demand and achieve very favourable results.

Accordingly, I am pleased to report an excellent financial performance for 2001. Net income for the year ended December 31, 2001, is \$12,868,000 as compared to \$11,273,000 in 2000, representing an increase of 14%. Net income per share is \$1.20 versus \$1.03 per share in the previous year on the strength of a 19% increase in brick shipments.

The Company's success to-date can be directly attributed to our formula for growth – a complete dedication to service, quality, experience and customer satisfaction. This formula, based on the four cornerstones of our corporate philosophy, plays a vital role in shaping all aspects of the Company.

Dedicated to outstanding service, Brampton Brick's production in 2001 was greater than ever before. With fully operational, expanded facilities working at maximum capacity, we are now able to service our customers' product requests more quickly and efficiently.

Committed to quality, we constantly strive to produce the best possible bricks. Backed by an ISO 9002 certification, we continuously improve upon our already stringent quality control methods, monitoring and testing to ensure customers receive bricks of the highest quality.

Built on experience, we recognize that people are the Company's greatest asset. Led by a dedicated group of employees with an average tenure of 15 years, Brampton Brick is committed to creating a stimulating, challenging, interesting and rewarding work environment that produces positive results for everyone.

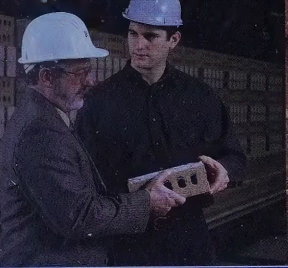
Focused on customer satisfaction, we regularly incorporate customer feedback into our products. Striving to meet and exceed customer requirements, the Company's on-site lab diligently creates new brick colours and styles that are easy to work with, pleasing to the eye and long-lasting.

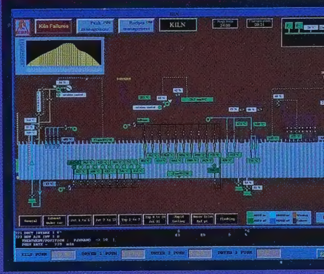
It is this formula for growth that is behind the Company's success. It also extends beyond the core facility to all of our subsidiaries where this corporate philosophy has become a unifying business principle.

During 2001 Medical Waste Management (MWM) commissioned the only commercial medical waste incinerator in the province of Ontario. With the announcement in December, 2001 from the Ministry of Environment to shut down the remaining 44 hospital incinerators across the province, we are uniquely positioned with state-of-the-art technology to fully satisfy the requirements of both existing and new customers. In addition, MWM just recently introduced a revolutionary, new reusable sharps container to the Ontario healthcare industry. There is no other product like it in terms of cost efficiency and safety. The response has been exceptional and demand for new installations is growing.

The Company has made phenomenal strides over the past decade. Fundamental and economic structures remain strong, and with expanded brick production capacity and significant growth initiatives in the medical waste operations already in place, we look forward to continued success in the future.

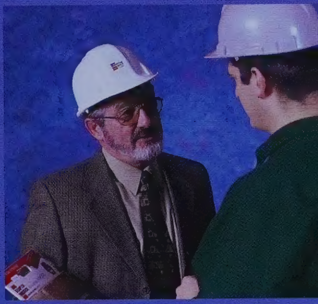
Jeffrey G. Kerbel,
President and Chief Executive Officer

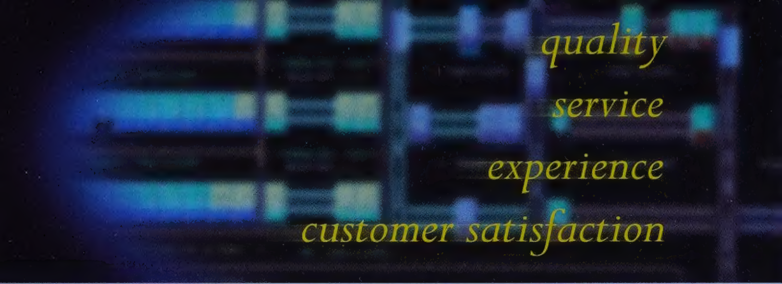


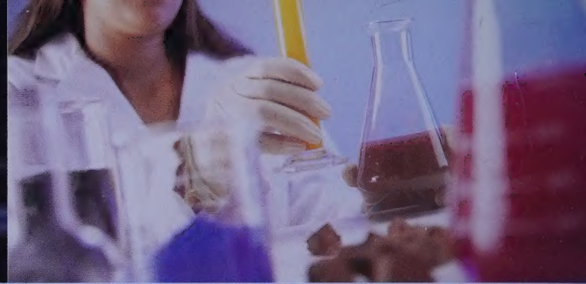


Brampton Brick places a great deal of emphasis on producing bricks of the highest possible quality. ISO 9002 certified, the Company implements stringent quality control methods to ensure this goal is achieved.

With an entire lab on-site, the Company is able to test bricks against all industry standards. Using highly evolved testing methods such as sound waves, the consistency and various properties of bricks are quickly and easily determined. And with advanced, computer equipment, Brampton Brick can visually monitor the entire brick firing process from start to finish.







MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITI

OPERATIONS

Net income for the year ended December 31, 2001 amounted to $12,868,000, an increase of $1,595,000, or 14.1% over net income of $11,273,000 reported last year. On a per share basis, net income is $1.20 per share on a weighted average 10,737,000 Class A and Class B shares outstanding compared to $1.03 per share on a weighted average 10,943,000 Class A and Class B shares outstanding in 2000.

Net income for the year represents a return on average shareholders' equity of 18.7%. This is a slight decrease from a return of 19.3% last year.

The decrease in the weighted average number of Class A and Class B shares outstanding is due to the repurchase and cancellation of Class A shares under the Company's Normal Course Issuer Bid.

The Federal and Provincial governments have enacted reductions in income tax rates for 2001 and for future years. The future income tax liability has been adjusted to reflect the lower rates and, as a result, the provision for future income taxes for 2001 has been reduced by $1,118,000 or the equivalent of $0.10 per share. The change in the estimated useful life over which certain assets are being depreciated, as described in Note 2 to the consolidated financial statements, had the effect of increasing net income after income taxes by $875,000, or $0.08 per share.

Net sales reached a new high in 2001 – $59,815,000 – representing an increase of $11,987,000, or 25.0% over net sales of $47,828,000 in 2000. The new brick production line which came on stream late in 2000 increased total brick production in 2001, resulting in a 19.4% increase in brick shipments. Housing starts in the Company's major markets of Ontario and Quebec, totalled 101,000 units, up 5.0% from 96,200 units in 2000. Higher selling prices and growth in the medical waste operations also contributed to the increase in net sales.

The increase in net sales produced an increase in gross profits. The gross margin on brick sales was lower than in 2000 due to a significant increase in the cost of natural gas and the additional costs of the new brick production line charged against operations in the first half of the year during the ramp-up of production. In the first half of 2001 brick production from the new line was less than one-half the production level achieved over the last half of the year. The unabsorbed manufacturing costs incurred in the first half were charged directly against operations thus causing a reduction in the gross margin percentage.

Selling, general and administrative expenses increased approximately 16.2% over 2000. Much of the increase is attributable to higher sales volumes. Some additional costs have also been incurred to support the forecasted growth in the medical waste operations.

Increased sales have generated an increase in operating income before interest and other items from $16,264,000 in 2000 to $17,752,000 in 2001 – an increase of 9.1%.

Interest on long-term debt is much higher in 2001 at $1,085,000 compared to $306,000 last year due to additional debt outstanding throughout most of the year pertaining to the brick plant expansion and the new medical waste incinerator.

Equity income from the Company's 38.2% interest in Richvale York Block Inc. amounted to $1,261,000 in 2001, up from $1,169,000 last year, and contributed approximately $0.12 to earnings per share compared to $0.11 last year. The operating results of Richvale York reflect the continuing strength of the construction industry in the Greater Toronto Area and surrounding markets.

Medical waste operations grew by over 55% in 2001 over 2000 in terms of waste volumes processed and net sales, in part due to the new medical waste incinerator which came on stream in the latter part of 2001. Operating activities of this 65% owned subsidiary generated a small loss in 2001 – less than $0.02 per share.

Income from trucking operations continues to improve and contributed approximately $0.04 per share in 2001.

QUARTERLY INFORMATION

Selected financial information for each of the eight most recently completed quarters is as follows:

2001 (in thousands, except per share amounts)

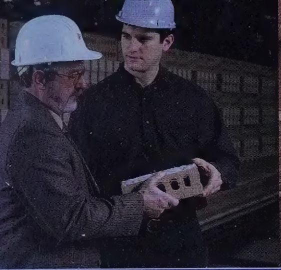
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
Net sales	$11,448	$15,745	$16,831	$15,791	$59,815
Net income	$ 1,708	$ 2,917	$ 3,912	$ 4,331	$12,868
Net income per share					
- basic	$0.16	$0.27	$0.36	$0.41	$1.20
- fully diluted	$0.16	$0.27	$0.36	$0.40	$1.18

2000 (in thousands, except per share amounts)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
Net sales	$11,222	$13,083	$12,741	$10,782	$47,828
Net income	$ 2,350	$ 3,398	$ 3,338	$ 2,187	$11,273
Net income per share					
- basic	$0.21	$0.31	$0.31	$0.20	$1.03
- fully diluted	$0.21	$0.31	$0.30	$0.20	$1.03

Net income and net income per share for the fourth quarter of 2001 reflect the adjustment to the provision for future income taxes to reflect the reduction in Federal and Provincial income tax rates referred to above.

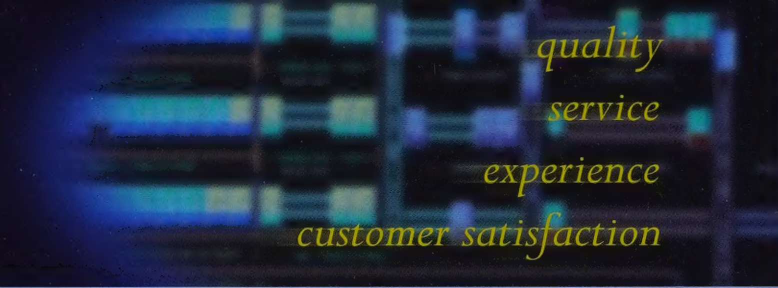
Net income per share by quarter may not add to the total for the year due to changes in the weighted average number of shares outstanding during the year.

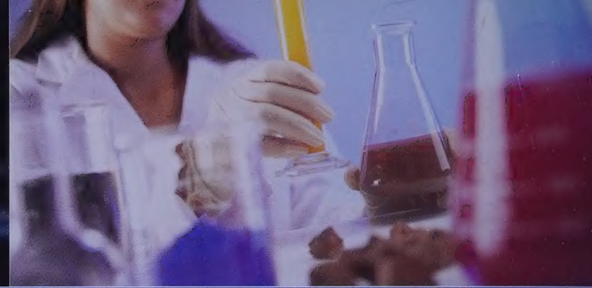


D RESULTS OF OPERATIONS

Fully automated material handling equipment moves the product from the making line, where the bricks are formed, colourized and textured, to the dryers. Excess heat from the cooling zone of the tunnel kiln is utilized in the dryers to extract moisture to a level not exceeding 0.01%.

The state-of-the-art tunnel kiln fires the bricks at temperatures up to 1050 degrees C. The finished product, upon exiting the kiln, is then automatically packaged in preparation for shipping.





MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIO

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations increased to $17,631,000 in 2001, up from $17,009,000 in 2000. Higher net income in 2001 was largely offset by other changes in working capital items. In 2000 there was a significant improvement in the collection of accounts receivable which increased cash flow from operations by $1,247,000. Collections have continued to improve in 2001 and year-end accounts receivable are lower than last year in spite of the increase in sales.

Cash utilized for the purchase of property, plant and equipment includes approximately $8,813,000 related to the brick plant expansion, most of which was included in accounts payable and accrued liabilities at the end of last year. Additional capital expenditures in 2001 include the balance of the new medical waste incinerator of approximately $1,837,000 and brick delivery equipment – trucks and trailers.

Term bank loans decreased by a net amount of $1,556,000 over the course of 2001. Additional loans were incurred early in the year to fund the brick plant expansion expenditures. However, as cash flow from operations increased during the latter half of the year these loans were reduced. At December 31, 2001 the total long-term debt outstanding pertaining to this $36,500,000 expansion project amounts to $5,415,000. A term loan of $2,200,000 is also outstanding with respect to the medical waste incinerator project.

During the year the Company repurchased and cancelled 163,700 Class A shares under its Normal Course Issuer Bid at a total cost of $1,101,000, or approximately $6.73 per share including brokerage commissions. The number of shares purchased and cancelled under this program decreased in 2001 as the trading price of the Company's Class A shares has increased.

Payments of obligations under capital leases consumed cash resources of $1,498,000 in 2001, up slightly from $1,301,000 in 2000. Most of the trucks, trailers and off-road mobile equipment utilized in the Company's operations are acquired under capitalized lease arrangements.

In 2001, the Company received a dividend of $1,145,000 from Richvale York Block Inc. compared to $2,023,000 received in 2000. The dividends paid by Richvale York are dependent upon cash flow generated by these operations as well as their requirements for capital and other operational purposes.

The Company accounts for its investment in Richvale York Block Inc. by the equity method. This means that the carrying value of the investment is increased by the Company's share of net income as it is earned and reduced by the amount of dividends received. In the years since this investment arose in 1993, Richvale York's operations have generated cash flow in excess of its earnings and on-going cash requirements. The excess has been distributed to its shareholders by way of dividends. Consequently, while the book value of this investment, accounted for in accordance with Canadian generally accepted accounting principles, has declined from its original carrying value of $10,190,000 and may continue to do so in the future, this decline may not be reflective of the true economic value of the Company's interest in Richvale York Block Inc.

The Company's overall financial position strengthened during the year. Working capital of $4,325,000 at December 31, 2001 represents an improvement of $6,810,000 over the working capital deficit of $2,485,000 at December 31, 2000. Long-term debt, including the current portion, has decreased from $13,474,000 last year to $11,934,000 at the end of this year. Shareholders' equity at year-end has increased from $62,876,000 last year to $74,839,000 at December 31, 2001 and the ratio of total liabilities to shareholders' equity has improved to 0.37:1 compared to 0.51:1 last year.

The Company's credit agreements include term loan facilities totalling $23,000,000 and operating loan facilities totalling $9,700,000. At December 31, 2001 the amounts drawn against these facilities were $7,885,000 and $300,000, respectively. Consequently, the Company has sufficient capital resources to fund its operations and anticipated capital requirements for the coming year.

OUTLOOK FOR 2002

Most economic forecasts have projected a decrease in housing starts in 2002 compared to 2001. However, historically low interest rates continue to fuel strong new home sales. Consequently, no significant decline is likely to occur until the second half of the year and the extent of any decline will be mitigated if the pace of new home sales remains strong over the near term.

Certain operating factors should also have a positive impact in the coming year. The contracted price for natural gas has decreased considerably and interest costs should be lower as a result of the reduction in the amount of debt outstanding. In addition, the Company expects to achieve production efficiencies and higher shipments as a result of the new brick production line's full capacity being available for the entire year.

The medical waste business recently introduced a reusable sharps container. This new container has a unique design which greatly enhances safety in the disposal of needles and similar medical instruments as well as being cost effective compared to disposable containers. The product is being marketed through a 50/50 joint venture with the Australian manufacturer and it has been exceptionally well received as there is no competitively equivalent product currently available. Sales of this product and related disposal services, plus increased waste volumes through the incinerator, should generate higher revenues and improve margins in this operation.

The scheduled deregulation of the Ontario electrical power market on May 1, 2002 is anticipated to result in an increase in hydro costs. The amount of the increase is not known at this time; however, it is not expected to have a material impact on operations. The Company has engaged an independent consultant to assist in the transition to a deregulated marketplace.

Overall, the economic factors which affect demand for the Company's products and services are positive. Consequently, operating results and financial performance are expected to remain positive in 2002.

Medical Waste Management (MWM) continues to 'Set THE Standard' for healthcare waste destruction in Ontario through the development and introduction of the most technologically advanced products and services available.

MWM successfully commissioned Ontario's first and only commercial medical and pharmaceutical waste incinerator in 2001. Applicable waste volumes are now increasing at an aggressive rate.

Through MWM's Sharpsmart Canada Ltd. division, a revolutionary, new REUSABLE sharps containment system was recently launched. This initiative has created an unprecedented level of demand within Ontario hospitals for this new sharps disposal system.

With its start-up now complete and significant expansion initiatives in place, MWM is forecasting continued growth in 2002.

Consolidated Balance Sheets

For the years ended December 31, 2001 and 2000 (in thousands of dollars)	2001	2000
Assets		
Current assets		
Cash and cash equivalents	$ 2,968	$ 802
Accounts receivable	7,014	7,199
Inventories	4,384	3,597
Other current assets	486	441
	14,852	12,039
Property, plant and equipment, at cost (note 2)	114,941	105,227
Less: Accumulated depreciation	(38,308)	(33,441)
	76,633	71,786
Other assets		
Investment in Richvale York Block Inc. (note 3)	7,477	7,361
Property held for sale	1,600	1,600
Investment in Futureway Communications Inc. (note 4)	2,000	2,000
Deferred start-up costs – net of accumulated amortization of $252 (2000 – $219)	–	33
	11,077	10,994
	$ 102,562	$ 94,819
Liabilities		
Current liabilities		
Bank operating advances (note 5)	$ 300	$ –
Accounts payable and accrued liabilities	7,732	11,604
Income taxes payable	923	1,465
Long-term debt, current portion (notes 5 and 6)	1,572	1,455
	10,527	14,524
Long-term debt, less current portion (notes 5 and 6)	10,362	12,019
Minority interest	150	119
Future income taxes (note 9)	6,684	5,281
	27,723	31,943
Shareholders' Equity		
Capital stock (note 7)	32,625	32,930
Retained earnings	42,214	29,946
	74,839	62,876
	$ 102,562	$ 94,819

See accompanying notes to financial statements.

Approved by the Board of Directors

Jeffrey G. Kerbel, Director

Lloyd S. D. Fogler, Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the years ended December 31, 2001 and 2000 (in thousands of dollars, except per share amounts)	2001	2000
Net sales	$ 59,815	$ 47,828
Cost of sales, selling, general and administrative expenses	36,463	26,818
Depreciation and amortization	5,600	4,746
	42,063	31,564
Operating income before the undernoted items	17,752	16,264
Other income (expense)		
Interest on long-term debt	(1,085)	(306)
Other interest (expense) income – net	(40)	41
Equity income from Richvale York Block Inc. (note 3)	1,261	1,169
Other (expense) income	(141)	212
	(5)	1,116
Income before income taxes	17,747	17,380
Provision for income taxes (note 9)		
Current	3,476	4,992
Future	1,403	1,115
	4,879	6,107
Net income for the year	12,868	11,273
Retained earnings – Beginning of year	29,946	19,694
Premiums paid on repurchase of capital stock (note 7)	(600)	(1,021)
Retained earnings – End of year	$ 42,214	$ 29,946
Net income per Class A and B share (note 8)		
Basic	$ 1.20	$ 1.03
Fully diluted	$ 1.18	$ 1.03

See accompanying notes to financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2001 and 2000 (in thousands of dollars)	2001	2000
Cash provided by (used in)		
Operating activities		
Net income for the year	$ 12,868	$ 11,273
Items not affecting cash		
Depreciation and amortization	5,600	4,746
Future income taxes	1,403	1,115
Equity income from Richvale York Block Inc.	(1,261)	(1,169)
Other	(65)	(108)
Changes in non-cash operating items		
Accounts receivable	185	1,247
Inventories	(787)	(233)
Other current assets	(42)	(200)
Accounts payable and accrued liabilities	272	899
Income taxes payable	(542)	(561)
	17,631	17,009
Financing activities		
Increase (decrease) in bank operating advances	300	(485)
Increase (decrease) in long-term bank loans – net	(1,556)	9,333
Payments of obligations under capital leases	(1,498)	(1,301)
Proceeds from exercise of stock options	196	103
Repurchase of capital stock	(1,101)	(2,180)
	(3,659)	5,470
Investing activities		
Purchase of property, plant and equipment	(13,215)	(29,664)
Proceeds from disposal of property, plant and equipment	264	388
Dividends received from Richvale York Block Inc.	1,145	2,023
Investment in Futureway Communications Inc	–	(2,000)
	(11,806)	(29,253)
Increase (decrease) in cash and cash equivalents	2,166	(6,774)
Cash and cash equivalents – Beginning of year	802	7,576
Cash and cash equivalents – End of year	$ 2,968	$ 802
Supplementary information		
Interest paid	$ 1,147	$ 329
Income taxes paid	$ 4,158	$ 5,774

See accompanying notes to financial statements.

1 Summary of significant accounting policies

Consolidation

These consolidated financial statements include the accounts of Brampton Brick Limited and its subsidiaries, Roxy Construction Co. Limited (80% owned), Medical Waste Management Inc. (65% owned), 1312081 Ontario Limited (wholly owned), 1329171 Ontario Limited (wholly owned) and Brique Citadelle Ltée (wholly owned). All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term deposits with original maturities of three months or less.

Investments

The investment in Richvale York Block Inc. is accounted for by the equity method.

The investment in Futureway Communications Inc. is accounted for by the cost method.

Inventories

Inventories of manufactured bricks (finished and in process) are valued at the lower of average production cost and net realizable value. Supplies and other purchased inventories are valued at the lower of actual cost and net realizable value.

Depreciation

Depreciation is provided on the straight-line basis at rates designed to write off the property, plant and equipment over their estimated useful lives, as follows:

Buildings	2.5% – 10%
Production and office equipment	5% – 20%
Mobile equipment	10% – 17%

See discussion of changes to estimated useful lives in note 2. Quarries are depreciated on the unit of production method based on shale extraction and estimated remaining shale reserves.

Income Taxes

Future income taxes are provided on an asset and liability method whereby future income tax assets are recognized for deductible temporary differences and operating loss or tax credit carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. The income tax expense or benefit is the income tax payable or refundable for the year plus or minus the change in future income tax assets and liabilities during the year.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates. Income and expenses denominated in foreign currencies are translated at average monthly exchange rates. Gains and losses resulting from foreign currency transactions are included in other expenses.

The Company has adopted the recommendations of the CICA Handbook Section 1650, which eliminates the requirement to defer and amortize exchange gains and losses related to long-term debt (note 6).

Financial instruments

The fair values of financial assets and liabilities do not differ materially from their carrying values included in the consolidated balance sheets.

Diluted earnings per share

Effective January 1, 2001, the Company adopted the recommendations of the CICA Handbook Section 3500, "Earnings per Share," which require, among other things, use of the treasury stock method for purposes of calculating the dilutive effect of outstanding stock options.

Under the treasury stock method, the number of shares outstanding is increased by the number of additional shares that would be issued upon the exercise of "in-the-money" stock options and is reduced by the number of shares that could be repurchased, at the average market price, with the cash proceeds therefrom.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Actual results could differ from those estimates.

2 Property, plant and equipment

			2001	2000
	Cost $	Accumulated depreciation $	Net $	Net $
Land, land improvements and quarries	15,915	5,511	**10,404**	10,804
Buildings	13,743	2,147	**11,596**	11,300
Machinery and equipment	85,283	30,650	**54,633**	47,960
Construction-in-process	–	–	**–**	1,722
	114,941	38,308	**76,633**	71,786

As at December 31, 2001, the cost of equipment under capital leases of $7,784 (2000 – $6,520) and accumulated depreciation of $3,033 (2000 – $2,193) is included in machinery and equipment.

Construction-in-process is related to the medical waste incinerator located at Medical Waste Management Inc.

Effective January 1, 2001, the estimated useful life over which brick manufacturing equipment is being depreciated has been increased from 15 years to 20 years, and the estimated useful life over which trucks and trailers are being depreciated has been increased from 6 years to 10 years.

These changes have reduced depreciation expense for the year ended December 31, 2001 by approximately $1,443, compared to the depreciation expense that would have been reported had these changes not been made.

3 Investment in Richvale York Block Inc.

The Company holds a 38.2% equity investment in Richvale York Block Inc., a concrete block manufacturer with two plants in the Greater Toronto area. The controlling 61.8% interest is held by Lafarge Canada Inc. The investment is accounted for on the equity basis, as follows:

	2001 $	2000 $
Investment at January 1	**7,361**	8,215
Share of income for the year	**1,261**	1,169
Dividends received	**(1,145)**	(2,023)
Investment at December 31	**7,477**	7,361

Additional information with respect to the operations and financial position of Richvale York Block Inc. is as follows:

	2001 $	2000 $
Net income for the year	**3,302**	3,063
Cash flow from operations	**3,583**	4,157
Working capital	**5,494**	4,703
Total assets	**23,409**	24,349
Shareholders' equity	**19,409**	19,066

4 Investment in Futureway Communications Inc.

The Company holds 517,660 shares of Futureway Communications Inc., a Canadian based competitive local exchange carrier that provides broadband voice, video and data communications services. This represents approximately a 1.2% interest. The investment is carried at cost.

5 Bank operating advances

Pursuant to bank credit agreements, bank operating advances and term loans are secured by general security agreements covering the assets of the Company and its subsidiaries, other than real property and the shares of Richvale York Block Inc., and by fixed charge debentures on substantially all of the Company's properties.

6 Long-term debt

Long-term debt consists of the following:

	2001 $	2000 $
Term bank loan due May 2004	**5,415**	8,084
Term bank loan due April 2004	**2,200**	1,000
Term bank loan due March 2004, repayable monthly with interest at 8.2%	**60**	83
Term bank loan due September 2005, repayable monthly with interest at prime plus 0.125%	**210**	271
Obligations under capital leases	**4,049**	4,036
	11,934	13,474
Less: Payments due within one year – current portion	**1,572**	1,455
	10,362	12,019

The term bank loan due May 2004 includes $3,400 (2000 – $1,700) due in U.S. currency.

The term bank loans due April 2004 and May 2004 bear interest at variable rates, which at December 31, 2001 effectively approximate Canadian bank prime less 0.45%.

The impact of adopting Section 1650 of the CICA Handbook was to expense $215 of unamortized foreign exchange loss on the term bank loan, which would otherwise have been deferred and amortized over the term of the debt. The total foreign exchange loss recorded in 2001 amounted to $263.

The term bank loans are secured as indicated in note 5, and the Company is subject to certain financial covenants with respect thereto.

Obligations under capital leases for equipment include the following:

	$
Future minimum lease payments	
2002	1,741
2003	1,645
2004	663
2005	506
2006	17
Total minimum lease payments	4,572
Less: Amount representing interest	523
Present value of minimum lease payments including $1,491 classified as current	4,049

7 Capital stock

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A subordinate voting shares and Class B multiple voting shares. The Class B shares are convertible to Class A shares on a share-for-share basis at any time. Class A shares may be converted to Class B shares in certain circumstances in connection with a takeover bid. Class A shareholders are entitled to one vote per share and Class B shareholders are entitled to ten votes per share at any meeting of shareholders.

Changes in capital stock during the year were as follows:

	Number of shares (thousands)	Stated capital $
Class A shares		
December 31, 2000	7,692	32,928
Repurchased and cancelled during the year	(163)	(501)
Options exercised	78	196
Class B shares converted to Class A shares	157	–
December 31, 2001	7,764	32,623
Class B shares		
December 31, 2000	3,072	2
Class B shares converted to Class A shares	(157)	–
December 31, 2001	2,915	2

During 2001, 157,000 Class B shares were converted to 157,000 Class A shares (2000 – 334,625 Class B shares converted). Also, during the year, 163,700 Class A shares (2000 – 378,900 Class A shares) were repurchased by the Company for a total consideration of $1,101 (2000 – $2,180). The excess of the purchase price over the book value of the Class A shares was charged to retained earnings. The shares were immediately cancelled.

Under the Company's stock option plan, employees, officers and directors hold options to purchase Class A subordinate voting shares. During 2001, options were exercised on 78,300 Class A shares (2000 – 45,500 Class A shares) for aggregate cash of $196 (2000 – $103). As of December 31, 2001, outstanding options were as follows:

Number of shares	Option price $	Expiry
130,000	2.05	2002
13,000	2.55	2006
49,500	4.10	2008
164,200	5.75	2008
7,500	6.75	2011
364,200		

The weighted average exercise price per option is $4.11 (2000 – $3.78).

8 Earnings per share

Basic earnings per share are calculated using the weighted average number of shares outstanding during the period. As referred to in note 1, diluted earnings per share are calculated to reflect the dilutive effect of the exercise of the outstanding stock options as disclosed in note 7.

The weighted average number of Class A and Class B shares outstanding (in thousands) utilized in the calculations of earnings per share is as follows:

	2001			2000		
	Net income $	Shares	Per share amount $	Net income $	Shares	Per share amount $
Basic earnings per share	12,868	10,737	1.20	11,273	10,943	1.03
Dilutive effect of options		160	0.02		(19)	–
Diluted earnings per share		10,897	1.18		10,924	1.03

9 Income taxes

Effective January 1, 2000, the Company implemented section 3465 of the Canadian Institute of Chartered Accountants Handbook entitled "Accounting for Income Taxes" and this policy is described in note 1. This change in accounting policy was applied retroactively and did not require adjustment to retained earnings or deferred income taxes as previously reported.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31, 2001 and 2000 (in thousands of dollars)

The effective rate of income tax recorded in the consolidated statements of income and retained earnings differs from the normal combined rate of federal and provincial income tax, as follows:

	2001 %	2000 %
Combined basic federal and Ontario tax rate	**42.1**	44.0
(Decrease) increase in rate resulting from		
Manufacturing and processing profits deduction	**(4.8)**	(7.6)
Substantially enacted changes in income tax rates	**(6.3)**	–
Other non-taxable and non-deductible items	**(3.5)**	(1.3)
Effective rate of tax	**27.5**	35.1

The Company has losses carried forward of approximately $1,127 in Medical Waste Management Inc., which expire in 2008. In addition, there are income tax losses of approximately $1,588 pertaining to Property Held for Sale, which will become available for use upon disposition of this property.

Future income taxes are applicable to the following temporary differences:

	2001 $	2000 $
Depreciable property, plant and equipment	**(6,674)**	(5,182)
Investment in Richvale York Block Inc.	**408**	492
Losses available for carry-forward	**818**	785
Other	**(128)**	(148)
	(5,576)	(4,053)
Less:		
Valuation allowance due to the investment in Richvale York Block Inc	**408**	492
Valuation allowance with respect to losses available for carry-forward	**700**	736
	(6,684)	(5,281)

10 Commitments

Future minimum lease payments under the building operating lease are as follows:

	$
2002	129
2003	132
2004	141
2005	145
Thereafter	784
	1,331

11 Related party transactions

Affiliates and associates of certain officers and directors of the Company are customers of the Company. Sales to these customers are made on competitive terms and conditions. Such customers accounted for approximately 11.9% of sales in the aggregate in the year ended December 31, 2001 (2000 – 12.1%).

12 Comparative figures

Certain of the prior year's balances have been reclassified to conform with the current year's financial statement presentation.

To the Shareholders of Brampton Brick Limited

We have audited the consolidated balance sheets of **Brampton Brick Limited** as at December 31, 2001 and 2000 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Mississauga, Ontario
February 6, 2002

Five Year Financial Review (in thousands of dollars, except per share amounts)

Operations	**2001**	2000	1999	1998	1997
Net sales	**$ 59,815**	$ 47,828	$ 43,891	$ 34,949	$ 36,668
Net income	**12,868**	11,273	9,862	7,042	6,541
Depreciation and amortization	**5,600**	4,746	4,266	3,862	3,392
Cash provided by operations	**17,631**	17,009	14,824	9,243	12,946
Purchase of property, plant and equipment	**13,215**	29,664	4,465	5,955	3,862
Financial Position					
Current assets	**$ 14,852**	$ 12,039	$ 19,627	$ 15,179	$ 15,609
Working capital (deficit)	**4,325**	(2,485)	10,790	7,992	6,464
Property, plant and equipment (net)	**76,633**	71,786	39,622	38,305	34,537
Total assets	**102,562**	94,819	69,222	64,501	63,622
Long-term debt	**10,362**	12,019	2,413	8,534	13,866
Shareholders' equity	**74,839**	62,876	53,680	44,134	37,033
Financial Ratios					
Current ratio	**1.41:1**	0.83:1	2.22:1	2.11:1	1.71:1
Total liabilities to shareholders' equity	**0.37:1**	0.51:1	0.29:1	0.46:1	0.72:1
Return on average shareholders' equity (%)	**18.7**	19.3	20.2	17.4	19.4
Share Data					
Net income per share	**$ 1.20**	$ 1.03	$ 0.88	$ 0.63	$ 0.59
Book value per share	**7.01**	5.84	4.84	3.96	3.33
Average number of shares outstanding (000's)	**10,737**	10,943	11,155	11,147	11,079

Corporate Directory

Directors

Rudolph P. Bratty, Q.C.[*,†]

Jim V. De Gasperis

Lloyd S.D. Fogler, Q.C.[*,†]

Jean Fournier[*]

Howard C. Kerbel[*]

Jeffrey G. Kerbel[†]

Barry Kornhaber

John M. Piecuch

Peter R. Smith

[*]Member of Audit Committee
[†]Member of Compensation Committee

Senior Officers

Jeffrey G. Kerbel
President and Chief Executive Officer

Barry Kornhaber
Secretary-Treasurer

Kenneth J. Mondor
Vice-President, Finance
and Chief Financial Officer

Jack W. Duke
Vice-President,
Sales and Marketing

J. Brad Duke
Vice-President, Manufacturing

Michael O. Burns
President, Roxy Construction Co. Limited

Daniel R. Kennedy
President, Medical Waste Management Inc.

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Stock Listing

Toronto Stock Exchange

Share Symbol

"BBL.A"

Registrar and Transfer Agent

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General Counsel

Fogler, Rubinoff LLP

Auditors

PricewaterhouseCoopers LLP

Operations

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Roxy Construction Co. Limited
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Medical Waste Management Inc.
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On peut se procurer des copies du rapport annuel en français en s'adressant au Vice-président, Finances, Brique Brampton Limitée,
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BRAMPTON BRICK Limited

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